

Manteca, California
November 19, 2013

The Board of Directors of the South San Joaquin Irrigation District met in regular session in their chambers at the hour of 9:00 a.m. President Roos called the meeting to order and led the flag salute. Upon roll call the following members were noted present:

DIRECTORS: HOLBROOK HOLMES KAMPER KUIL ROOS
ABSENT: NONE

Also present were General Manager Jeff Shields, General Counsel Steve Emrick, Engineering Department Manager Sam Bologna, and Executive Secretary Betty Garcia.

Director Roos asked for public comment and there was no public comment.

The Board was asked to consider the following Consent Calendar Items.

CONSENT CALENDAR

- A. Approval of Warrants in the amount of \$417,243.09; A/P Wires in the amount of \$412,431.18; payroll for November 1 in the amount of \$184,664.86 and November 15 in the amount of \$166,397.27.
- B. Approval of Board Meeting Minutes of October 22, 2013.
- C. Approval of Irrigation Service Abandonment Agreement for Roy & Carmelita Alvarez, APN 247-030-08.

Sam Bologna noted that on page 3 of the minutes, item #6, should be corrected to reflect "Agreement to Amend Irrigation Service Abandonment."

A motion was made by Director Holmes and seconded by Director Holbrook to adopt the Consent Calendar items by the following roll call vote:

AYES: HOLBROOK HOLMES KAMPER KUIL ROOS
NOES: NONE
ABSENT: NONE

ACTION CALENDAR

Item #1 – Consider approval of Notice of Exemption under CEQA and Real Property Exchange agreement with North Forty Vineyards, LLC

Mr. Forrest Killingsworth said he inspected the property line and it needs to be adjusted to include enough land to access the property with the District's largest equipment and to have the gate on the District side of the property and the fence needs to be on the property line.

Director Holbrook does not support the transfer of the District's storage yard on River Road because the agreement requires the District to provide LLC, or its successor as owner of the adjacent property, a "Right of First Refusal", which encumbers the property. He also disagrees because the District is prohibited from bringing any hazardous materials on to the easement area, although they transport gasoline and other materials. Mr. McManis wants to ensure if the District were to sell the property that he has the first right of refusal to the property. A lengthy discussion followed.

A motion was made by Director Holmes and seconded by Director Kuil to authorize the General Manager to sign the agreement once the easement and property have been satisfactorily defined; that item 2B "Grantee is prohibited from bringing any hazardous materials on to the easement" be amended to the District's satisfaction or deleted from the agreement; and the Right of First Refusal Agreement remain in the agreement. Motion passed 4 to 1 with Director Holbrook casting a no vote.

A motion was made by Director Holmes and seconded by Director Kamper to approve the CEQA Notice of Exemption, make the findings in the Notice of Exemption, find that no further environmental review is necessary, and authorize staff to file the Notice of Exemption with the San Joaquin County Clerk. Motion passed unanimously.

Item #2 – Consider approval of RD-17 SSJID Pipeline Closure Device

Mr. Bologna stated that he met with KSN Engineering on behalf of Reclamation District 17 ("RD-17") to discuss RD-17's plans to make improvements to their levee. Their goal is to protect the levee from the 200 year storm. KSN suggests installing new gate valves in the existing control box that could be operated by Reclamation District 17. Dante Nomellini, attorney for RD 17, stated the Reclamation District needs to qualify the levee in order to qualify for PL84-99 financial assistance in case of a flood and it is a regulatory requirement that RD 17 must meet. Mr. Nomellini stated that RD 17 would provide financing for the installation of the gates and that SSJID would control the gates.

A motion was made by Director Holbrook and seconded by Director Kuil to approve the bypass option subject to review and approval of plans prepared by KSN Engineering on behalf of RD-17 and authorize staff to enter into necessary agreements and permits to accommodate work; additionally the District would install the two gates with locks and the District would control the gates and give a key to RD-17 and should RD-17 ask the District to close the gates in the event of flood conditions, we would do so. Motion passed unanimously.

Item #3 – Consider approval of Scope of Work from Stantec to study the future of pressurized irrigation delivery service in the SSJID service territory

Mr. Bologna stated the proposed work by Stantec has been broken into milestones which includes a project needs statement, technical evaluations, planning criteria development, alternatives evaluation, and economic and financial evaluation of project alternatives. Director Holbrook wants to ensure that all aspects are reviewed, including groundwater impacts, costs of maintaining the system if there is no pressurized project. He firmly believes there is a need to continue supplying flood irrigation. Director Kuil agreed. Shawn Labonowski, of Stantec Engineering, said the feasibility assessment will address the impacts of both pressurized and flood irrigating systems.

Both Shawn Labanowski and Todd Kotey, also of Stantec Engineering, want to ensure that SSJID expresses all concerns during Milestone 1. They stated this is the time to get everything on the table and encouraged feedback from the Board, staff and management in all phases of the project.

A motion was made by Director Holbrook and seconded by Director Holmes to approve the Scope of Work as outlined and authorize the General Manager to sign the contract not to exceed \$750,000. Motion passed unanimously.

Item #4 – Consider holiday recognition for staff

A motion was made by Director Holmes and seconded by Director Holbrook to pay \$500 to every employee as a holiday recognition. Motion passed unanimously.

Item #5 – Consider purchase of additional filtration units for new Quincy screw compressors

Mr. Erisman informed the Board that the current plan of filtration for the new Quincy screw compressors would not be adequate and therefore they need additional filtration units.

A motion was made by Director Kamper and seconded by Director Holbrook to purchase the additional Quincy filtration system components from Air Perfection in the amount of \$10,015. Motion passed unanimously.

Item #6 – Consider bids to replace air conditioning unit for Zenon System Motor Control Center

Mr. Erisman stated the Zenon water filtration system at the water treatment plant utilizes eight large pump motors and produces a lot of heat. The Motor Control Center (MCC) Room should be maintained at 70 degrees. The current air conditioning system has had numerous repairs and has been in service almost non-stop for the last nine years. The repairs are costly and it is best to replace the air conditioning system.

A motion was made by Director Kuil and seconded by Director Holmes to approve staff recommendation to purchase the air conditioning system for the MCC from Champion Mechanical in the amount of \$21,995. Motion passed unanimously.

Mr. Erisman gave his monthly report:

- The cathodic protection repair on Yosemite Avenue is complete. The problem was identified as one bolt which he showed to the Board. Repairs were made and no further repairs are needed at this time.
- Staff is working with the City of Lathrop to finalize the plans for the temporary metering site for the River Islands development. The agreement is for a five year temporary site with metering and flow control capabilities. After five years, Lathrop will need to install a site similar to their L1 booster station, including storage tank and booster pumps.
- A tour of the SSJID facilities, WTP, Solar Farm, and Tulloch and Goodwin Dams to City Managers and Council members was a success. The tour was well received and positive comments regarding SSJID staff were made.

Item #7 – October 2013 Financial Statements

Mr. Lindley presented the financial statements and said the District’s net income for the year –to-date is about \$4.5 million above budget.

Item #8 – Consider proposed budget for 2014

Mr. Lindley presented the proposed budget for 2014. He said the process that resulted in the proposed budget included a 1 day workshop where the General Manager reviewed the budget in detail with staff. The budget workshop resulted in improvements totaling about \$2 million. He stated the proposed budget makes no assumptions about the outcome of current labor negotiations. When a new labor agreement is achieved, a budget amendment will be brought to the Board. He said there could be an internal shifting of funds to accommodate the records management project and that the Board will have opportunity to consider that project before major commitments are made. Mr. Lindley noted that the Finance Committee of the Board had an opportunity to review the proposed budget on November 6.

A motion was made by Director Holbrook and seconded by Director Kamper to approve the proposed Budget for 2014. Motion passed unanimously.

Item #9 – Consider Resolution #13-18-B to transfer money into the Rate Stabilization Fund

Mr. Lindley proposed to transfer \$2.5 million into the rate stabilization fund. The purpose is to provide a reserve or a safety margin that could be used in future years if necessary to prevent the District defaulting on the debt service coverage requirement of the 2012A bonds.

A motion was made by Director Kuil and seconded by Director Holbrook to transfer \$2.5 million into the Rate Stabilization fund and adopt Resolution #13-18-B which documents that action. Motion passed unanimously.

Item #10 – October 2013 Investment Reports

Mr. Lindley briefly discussed the investment reports and was available for questions from the Board. Director Holbrook stated that Union Bank is offering 1% on investments. Mr. Lindley said he would look into it.

Item #11 – Communications

Director Holbrook attended the San Joaquin Farm Bureau Federation Water Committee meeting on October 29. He said the County is considering abandoning Duck Creek Project in favor of more cost effective projects. He stated the water boards are developing a workplan to address the groundwater challenges that have the greatest potential to impact beneficial uses and utilize water from all sources. He thanked Director Kuil for cooking at the Annual Safety Day event. He attended the Crothall Laundry Services groundbreaking in Manteca and learned they clean 50 tons of laundry each year and conserve on water and energy. He reported that he attended the TURN 40th Anniversary in San Francisco on November 14. It was a good turnout and there were three Public Utility Commissioners in attendance.

Director Kuil attended the Tri-Dam Project Advisory Committee meeting and their budget was introduced. He thanked staff for their hard work and efforts at Safety Day. He attended the

Senior Breakfast and enjoyed that very much. He wants the Board to re-visit the grower proposals.

Director Kamper completed an online ethics webinar. He read an article in the newspaper on a group that is performing a water study that includes the cost of water and the amount of water available. He toured the Fish Hatchery and said they raise 15 million baby salmon every year but they refused to replant the salmon. He saw an article that the Modesto Irrigation District has changed their board meetings to once a month.

Director Holmes reported this is one of the driest calendar years.

President Roos asked for managers' reports.

Don Battles, Utility Systems Manager

- He distributed the Solar Farm's maintenance report. He said for the first five years, maintenance was provided two times per year. However, from this point forward, maintenance would be provided only once per year.

Troylene Vallow, Communications Coordinator

- She thanked the board members and their spouses for attending and helping out with the Senior Breakfast.
- She attended the AgVenture on Thursday, November 7 and there were over 4,000 students in attendance.
- Boys & Girls Club will be holding their annual telethon next Monday and Tuesday and she has been appointed as President of the club.

Sam Bologna, Engineering Department Manager

- Conservation Program has begun and we have received six applications. Staff is seeking grant opportunities.
- Working on maps for consolidation of divisions.

Jeff Shields, General Manager

- He thanked the Board and staff for making Safety Day a success. He also thanked the Board for the holiday recognition bonus.
- He thanked Troylene Vallow for all of her hard work with the Senior Breakfast.
- Attended the TURN 40th Anniversary and invited AECA, the Dolphin Group and MRW Consultants to sit at his table. The event was well attended with over 250 attendees.
- Distributed the water reports and said calendar year 2013 is looking like it will be one of the driest years in recorded history in California.
- Congressman Jim Costa has invited water agencies to attend a water workshop in Los Banos on November 25 from 10 am to 12 noon. Mr. Costa wants to hold a private meeting with SSJID outside of the group meeting.
- Manteca Redevelopment Agency will meet today at 2 pm. Director Holbrook will attend with Mr. Shields.
- CSDA called for nominations for Region 2. Nominations are due January 10th and the nominees must be a board member or management.

- ACWA nominations for Vice President are being accepted. Kathleen Tieg from Cucamonga Valley Water District is current VP.

It was announced that the Board would be discussing items 12 a & b under Closed Session.

ITEM #12 – CLOSED SESSION

12. a. Conference with Labor Negotiator
California Government Code Section 54957.6
Agency Negotiator: General Manager and Lee Clark
Employee Organizations: IBEW's 1245 and Management Group

- b. Conference with Real Property Negotiator
Property – Water
Negotiating Parties – District and SemiTropic Water Storage District
District Negotiator – General Manager
Under Negotiations – Price and terms of payment

Upon returning from closed session, it was announced that no reportable actions were taken in closed session.

ITEM #13 - ADJOURNMENT

There being no further business to come before the Board, it was moved by Director Holmes and seconded by Director Kamper to adjourn the meeting at 1:36 p.m. Motion passed unanimously.

ATTEST: _____
Betty Garcia, Executive Secretary